

## State looks at new approach

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During 2004, workers' compensation and vocational rehabilitation averaged out to \$3.73 per \$100 of payroll. Cutting down that cost might result in more individuals being hired and could result in higher pay for those who stay healthy and free of injury. It could also result in higher profits, which would stimulate new businesses and the expansion of established businesses.

Tightening up Hawaii's workers' compensation rules and regulations to cut down on abuses and fraud is high on just about every employer's governmental wish list. Efforts to do so through the 2004 Legislature failed in large part. This year, Gov. Linda Lingle's administration is pursuing workers' compensation reform by an administrative process that largely bypasses the Legislature.

Convinced it is on sound legal ground, the state Department of Labor and Industrial Relations is proposing a series of changes in rules and regulations in order to adjust treatment guidelines, give employers a say in vocational rehabilitation plans and limit them to two years, clarify the definition of disciplinary action, streamline the hearings process in disputed situations, and ban self-employment as part of rehabilitation.

The plan is to hold hearings next month on the proposals. The hearings could result in changes in the proposal, or the existing plan could be forwarded to the governor for her approval.

That leaves the Legislature out of the loop. Count on the plan to be contested by at least Rep. Kirk Caldwell. The Manoa Democrat is the new chairman of the House Committee on Labor and Public Employment. Caldwell was quoted as saying any change in the status quo would require an unlikely agreement between business operators and labor unions.

Breaking logjams requires either brute force or ingenuity. The state's administrative approach looks to be ingenious.

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